

## **Education and Workforce Development Cabinet**

# **Kentucky's jobless rate rose to 8.5 percent in August 2012**

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### **Contact Information:**

**Editor's Note:** Preliminary August and revised July labor market information are included in this release.

**FRANKFORT, Ky. (Sept. 20, 2012)** — Kentucky's seasonally adjusted preliminary unemployment rate in August 2012 increased to 8.5 percent from a revised 8.3 percent in July 2012, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The preliminary August 2012 jobless rate was 1.1 percentage points below the 9.6 percent rate recorded for the state in August 2011.

The U.S. seasonally adjusted jobless rate fell to 8.1 percent in August 2012 from 8.3 percent in July 2012, according to the U.S. Department of Labor.

Labor force statistics, including the unemployment rate, are based on estimates and are compiled to measure trends rather than actually to count people working.

In August 2012, Kentucky's civilian labor force was 2,068,631, an increase of 2,201 individuals compared to the previous month.

"An uptick in the unemployment rate, especially when accompanied by a drop in the number of people employed, does cause some anxiety," said economist Manoj Shanker of the OET. "But given the sluggish national economy and the recent strength of the Kentucky economy some fallback was expected."

Kentucky's seasonally adjusted nonfarm employment added 2,500 jobs in August 2012 from the previous month. On an over-the-year basis, the state's nonfarm employment has grown by 2.1 percent with the addition of 38,500 jobs.

Nonfarm data is provided by the Bureau of Labor Statistics' Current Employment Statistics program. According to this survey, seven of Kentucky's 11 major nonfarm North American Industry Classification System (NAICS) job sectors registered gains in employment, while four declined.

Kentucky's trade, transportation and utilities sector gained 2,100 jobs in August 2012. This is the largest sector in Kentucky with 368,900 positions, and accounts for about 20 percent of nonfarm employment. Since August 2011, jobs in this sector have increased by 5,500.

"Auto sales have been gaining momentum nationally. The demand has not only increased manufacturing employment, but boosted retail and wholesale trade employment, too," said Shanker.

The leisure and hospitality sector increased by 900 jobs in August 2012. Since August 2011, the sector has grown by 7,400 positions or more than 4 percent. This sector includes arts, entertainment, recreation, accommodation and food services.

The government sector, which includes public education, public administration agencies and state-owned hospitals, added 800 jobs in August 2012. The sector had 500 fewer jobs compared to August 2011.

The financial activities sector rose by 200 jobs in August 2012. Compared to August a year ago businesses involved in finance, insurance, real estate and property leasing added 400 jobs.

Employment in the mining and logging sector went up by 200 from July 2012 to August 2012. The number of jobs in this sector has dropped by 1,600 or 7 percent since last August.

"The glut of natural gas in the U.S. market has put downward pressure on the price and production of coal," said Shanker.

Construction jobs rose by 200 in August 2012 from a month ago. Since August 2011, employment in construction has fallen by 3,400 positions or 5 percent.

"This is the fifth consecutive month that over-the-year construction employment has dropped. The slow recovery in the housing market has damped job growth in this industry and in other sectors connected to it such as financial activities," said Shanker.

The information sector added 100 jobs in August 2012. This segment has 1,000 more positions compared to August 2011. The industries in this sector include traditional publishing as well as software publishing; motion pictures and broadcasting; and telecommunications.

Employment in the other services sector, which includes repairs and maintenance, personal care services, and religious organizations, fell by 100 positions in August 2012. Compared to a year ago, there has been a gain of 200 jobs.

Kentucky's manufacturing sector lost 500 jobs in August 2012 compared to the previous month. Since August 2011, employment in manufacturing has increased by 7,600 jobs or nearly 4 percent.

"On a year-to-year basis manufacturing employment has increased for 25 straight months. The growth has been primarily in the durable goods subsector," said Shanker. "The outlook for

manufacturing durables is promising as long as domestic demand continues to offset the faltering demand from the European market.”

Kentucky’s professional and business services sector lost 600 jobs in August 2012. This category includes establishments engaged in services that support the day-to-day activities of other organizations, including temporary employment services. Since last August, jobs in the sector have increased by 17,700 or about 9 percent.

“While the professional and business services sector faltered some since July 2012, the temporary service subsector grew a robust 12 percent from a year ago. The recent decline isn’t worrisome because it is most likely payback from the strong hiring earlier this year,” said Shanker.

Employment in the educational and health services sector fell by 800 jobs in August 2012. The sector has posted a gain of 4,200 jobs since August 2011.

“The decline from last month came from the health care portion of this sector which accounts for nearly 90 percent of the employment in this sector,” Shanker said. “Health care employment is stabilizing as private insurance companies, as well as the government, are ratcheting down health care reimbursements. Providers are responding by consolidating and trimming employment.”

Civilian labor force statistics include nonmilitary workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky’s statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about the Office of Employment and Training at [www.workforce.ky.gov](http://www.workforce.ky.gov).